

FTA Electronic Filing Symposium

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Discussion Topics

- Filing Season Successes
- 2006 Changes
- Fed/State
- MeF
- Security
- Free File
- e-file Initiatives

Filing Season Successes

- **1040 e-file up 6.3% from 66.0 M in 2005 to 70.1M in 2006.**
- **1040 Online efile fastest growing channel up 18.6% from 16.7M in 2005 to 19.8M in 2006**
- **1040 Fed/State e-file up 10.6% from 32.3M in 2005 to 35.7M in 2006**
- **Balance Due returns up 18.7% from 6.9M in 2005 to 8.2M in 2006**

Filing Season Successes

- **Electronic IRS launched on January 12**
 - **Increase awareness of all electronic products and services available at IRS.gov**
 - **Bring all IRS electronic products & services under 1 strong identifier for easy access and availability online.**

Filing Season Successes

- **New web traffic record for IRS: 3,237 hits/sec at 12:30pm on 4/17/06 compared to 2,638 on 4/17/05.**
- **IRS.gov Visits up 7.6% to 125.3M thru 4/30/06. New IRS record total number of visits was 3.4M on 4/17/06.**

Filing Season Successes

- **Extension Filer Campaign (volume – 9M)**
 - Increase awareness for e-filing extensions
 - Correct a perception that extensions cannot be e-filed
 - Continue e-filing volume beyond April 17th

Filing Season Successes -e-Services

- **Registration: 56,000 registered users in FY2006, 14% increase from same time last year**
- **PTINs: 290,595 issued by IRS since Aug 2003, 32% of all requests are received online in FY2006**
- **TIN Matching: Interactive - 1.5 M matches in FY2006; Bulk – 45.3 M matches in FY2006; 5,400 payer firms**
- **e-file Applications: 47% of applications submitted online in FY2006**

Filing Season Successes -e-Services

- **31,000 Disclosure Authorizations (DA) submissions**
- **6,000 Electronic Account Resolutions (EAR) cases**
- **513,000 Transcript Delivery System (TDS) requests**
- **E-Services Savings:
FY2006 \$19,760,374
Total Savings from August 2003 is \$35,000,000**

2006 Changes

- **Telefile was discontinued as e-file option.**
- **Increased from 2 to 3 drains which improved throughput time and turn-around on Acknowledgements.**
- **Added 5 more new forms 2006 and plan to add 10 forms for 2007**

Fed/State Partnership Efforts

- **State preparer mandates have had positive impact on 1040 efile.**
- **IRS and the states have partnered together on modernizing e-file (MeF) for business returns.**
- **The IRS FTA Tactical Advisory Group (TAG) has supported these type of partnership efforts through communication and monitoring efforts.**

Corporate Requirement to e-file

- **Corporate taxpayers with assets of \$50 million or more and who file 250 federal returns (this includes 1099, 94x, etc) were required to e-file starting January 2006.**
- **In 2007 the asset threshold for corporate filers drops to \$10 million or more.**

MeF

- **As of 4/24/06, MeF receipts are 713,342 returns. This is a 300% increase over volumes received through April 25, 2005.**
- **Form Type Volume**
- **1120 65,486**
- **1120S 270,538**
- **7004 374,211**
- **990/990EZ/990PF/1120POL 2,430**
- **8868 677**

Security

- The security of taxpayer accounts and personal information is a top priority for the IRS.
- Revenue Procedure 2005-60 advises authorized efile providers to have security systems in place to prevent unauthorized access to taxpayer accounts and personal information.
- IRS Security Standards Team – Developing a Guide to safeguarding Taxpayer Data for Tax Professionals.
- The FTA TAG formed the TAG Security Group to address issues confronting IRS and states

Free File

- As of April 27, 3.9 million returns were electronically filed through Free File.
- Since debuting in 2003, more than 15.3 million returns have been electronically filed through Free File
- In 2006, the Alliance reported e-filing 46,671 extension forms through Free File.
- 2 Free File Alliance companies offered their free file programs in Spanish. IRS encouraging increased participation by industry.

Free File

- **Very low % of RALs - As of April 17, 18,846 RALs in Free File representing 0.5% of total Free File returns.**
- **Over 600,000 EITC filers through Free File.**
- **Over 16M web visits to Free File site. Every 4 visits to Free File resulted in efiled return.**
- **Free File complaints down by 47% to 1,308 taxpayers in 2006.**

Free File

- **Working with the FFA companies to disclose more information about state return options and fees on their landing page.**

Future Projects: e-file Initiatives

- **Internet Customer Account Service (ICAS):** account information via the internet
- **e-services for Reporting Agents:** e-services functionality to the Reporting Agent community
- **e-service Usability:** implement top 25 usability improvements.
- **FIRE:** enhance Filing Information Returns Electronically processing system to reduce returns processing risks
- **Automated Electronic Fingerprinting:** convert manual paper-based fingerprint process to an electronic means for transmission to the FBI

Upcoming Events

- **Software Developers Conference**
May 31 -June 1, Washington, DC
 - EMS Updates
 - Legislative Changes
 - MeF Updates
 - Payroll
 - Security Trends
 - XML & XBRL
- **Information Return Conference August 2006**
Washington, DC